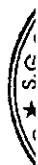


**Baoviet Tokio Marine
Insurance Company Limited**

Financial Statements

31 December 2015



Baoviet Tokio Marine Insurance Company Limited

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Baoviet Tokio Marine Insurance Company Limited

GENERAL INFORMATION

THE COMPANY

Baoviet Tokio Marine Insurance Company Limited ("BVTM") formally was a joint-venture among Bao Viet Holdings, Commercial Union Assurance Company PLC and The Tokio Marine and Fire Insurance Co., Ltd. The Company was established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5th August 1996 and subsequent amendments. The latest amendment No. 65/GP/KDBH issued by the Ministry of Finance on 01 July 2013 to amend the name of Company from Baoviet Tokio Marine Insurance Joint Venture Company to Baoviet Tokio Marine Insurance Company Limited ("BVTM").

Table below illustrates the parties' contribution to the legal and invested capital of the Company as of 31 December 2015:

| <i>Name of the Party</i> | <i>Amount in VND</i> | <i>Percentage</i> |
|------------------------------|------------------------|-------------------|
| Bao Viet Holdings | 153,000,000,000 | 51% |
| Tokio Marine Asia Pte., Ltd. | 147,000,000,000 | 49% |
| Total | 300,000,000,000 | 100% |

Main activities of the Company are to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

Head office and the Branch

Head office is located at Room 601, 6th Floor, The Sun Red River Bulding, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at Room 03, 19th Floor, Green Power Building, 35 Ton Duc Thang, District 1, Hochiminh City.

Employees

Total number of employees of the Company as at 31 December 2015 is 97 people (as at 31 December 2014: 99 people).

MEMBERS' COUNCIL

The members of Members' Council for the year ended 31 December 2015 and at the date of this report are:

| <i>Name</i> | <i>Position</i> | <i>Date of appointment/Resignation</i> |
|-----------------------|-----------------|--|
| Ms. Than Hien Anh | Chairwoman | Appointed on 03 April 2015 |
| Mr. Duong Duc Chuyen | Chairman | Appointed on 04 November 2010 Resigned on 15 January 2015 (*) |
| Mr. Arthur Lee | Vice Chairman | Appointed on 13 June 2011 |
| Mr. Yoshinori Fukaura | Member | Appointed on 01 December 2014 |
| Mr. Ha Vu Hien | Member | Appointed on 16 September 2003 |
| Mr. Nguyen Anh Tuan | Member | Appointed on 20 March 2006 |
| Mr. Hideki Mishima | Member | Appointed on 11 July 2013 |

(*) In accordance with the Resolution of Members' Council dated 15 January 2015.

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Baoviet Tokio Marine Insurance Company Limited

GENERAL INFORMATION (continued)

MANAGEMENT

The members of the Management for the year ended 31 December 2015 and at the date of this report are:

| <i>Name</i> | <i>Position</i> | <i>Date of appointment</i> |
|-------------------------|-------------------------|--------------------------------|
| Mr Hideki Mishima | General Director | Appointed on 11 July 2013 |
| Mr Ha Vu Hien | Deputy General Director | Appointed on 16 September 2003 |
| Ms Duong Thi Thanh Toan | Chief Accountant | Appointed on 01 April 2011 |

LEGAL REPRESENTATIVE

The legal representative of the Company for the year ended 31 December 2015 and at the date of this report is Mr. Hideki Mishima, General Director of the Company.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Baoviet Tokio Marine Insurance Company Limited

REPORT OF THE MEMBERS' COUNCIL

The Members' Council of Baoviet Tokio Marine Insurance Company Limited ("the Company") is pleased to present its report and the financial statements for the year ended 31 December 2015.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows for the year. In preparing those financial statements, the management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements for the year ended 31 December 2015.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2015 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and with the statutory requirements relevant to the preparation and presentation of financial statements.

For and on behalf of the Members' Council:



Ms. Than Hien Anh
Chairwoman

Hanoi, Vietnam

28 March 2016

Reference: 60780870/17880323

INDEPENDENT AUDITORS' REPORT

**To: The Members' Council
Baoviet Tokio Marine Insurance Company Limited**

We have audited the accompanying financial statements of Baoviet Tokio Marine Insurance Company Limited ("the Company") as prepared on 28 March 2016 and set out on page 6 to 59 which comprise the balance sheet as at 31 December 2015, the income statement and the cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and with the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2015 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the relevant statutory requirements to preparation and presentation of financial statements.

Ernst & Young Vietnam Limited



Saman Bandara
Deputy General Director
Audit Practising Registration
Certificate No. 2036-2013-004-1



Le Duc Linh
Auditor
Audit Practising Registration
Certificate No. 1672-2013-004-1

Hanoi, Vietnam

28 March 2016

BALANCE SHEET
as at 31 December 2015

Currency: VND

| Code | ASSETS | Notes | Ending Balance | Beginning Balance (reclassified) |
|------------|---|----------|--------------------------|-------------------------------------|
| 100 | A. CURRENT ASSETS | | 1,007,188,947,019 | 1,026,147,046,912 |
| 110 | I. Cash and cash equivalents | 4 | 41,936,191,471 | 43,863,954,617 |
| 111 | 1. Cash | | 12,836,691,471 | 14,516,454,617 |
| 112 | 2. Cash equivalents | | 29,099,500,000 | 29,347,500,000 |
| 120 | II. Short-term investments | 5 | 570,635,236,930 | 458,359,418,961 |
| 121 | 1. Trading securities | | 3,430,000,000 | 3,430,000,000 |
| 123 | 2. Held-to-maturity investments | | 567,205,236,930 | 454,929,418,961 |
| 130 | III. Current account receivables | 6 | 95,046,220,000 | 79,251,045,196 |
| 131 | 1. Short-term trade receivables | | 94,151,380,712 | 78,659,463,069 |
| 131.1 | 1.1. Insurance receivables | | 67,971,947,566 | 55,100,915,578 |
| 131.2 | 1.2. Other trade receivables | | 26,179,433,146 | 23,558,547,491 |
| 135 | 2. Other short term receivables | | 935,710,792 | 656,259,200 |
| 139 | 3. Allowance for doubtful debts | | (40,871,504) | (64,677,073) |
| 150 | IV. Other short-term assets | | 9,043,296,901 | 7,547,637,000 |
| 151 | 1. Prepaid expense | | 8,743,302,552 | 7,443,236,826 |
| 151.1 | 1.1. Unallocated commission expense | 7 | 7,563,810,028 | 6,231,162,834 |
| 151.2 | 1.2. Other prepaid expenses | | 1,179,492,524 | 1,212,073,992 |
| 152 | 2. Deductible VAT | | 299,994,349 | 104,400,174 |
| 190 | V. Reinsurance assets | | 290,528,001,717 | 437,124,991,138 |
| 191 | 1. Reinsurance assets from unearned premium reserve | 16.1.1 | 85,759,286,624 | 63,497,185,866 |
| 192 | 2. Reinsurance assets from claim reserve | 16.1.2 | 204,768,715,093 | 373,627,805,272 |
| 200 | B. NON-CURRENT ASSETS | | 172,375,694,021 | 172,152,707,203 |
| 210 | I. Long-term receivables | | 9,951,394,150 | 9,387,905,900 |
| 216 | 1. Other long-term receivables | | 9,951,394,150 | 9,387,905,900 |
| 216.1 | 1.1. Statutory deposit | 8 | 8,418,750,000 | 8,009,687,500 |
| 216.2 | 1.2. Other long-term receivables | | 1,532,644,150 | 1,378,218,400 |
| 220 | II. Fixed assets | | 4,145,255,591 | 2,679,222,065 |
| 221 | 1. Tangible fixed assets | 9 | 4,086,390,043 | 2,261,300,060 |
| 222 | Cost | | 9,621,886,787 | 8,820,074,138 |
| 223 | Accumulated depreciation | | (5,535,496,744) | (6,558,774,078) |
| 227 | 2. Intangible fixed assets | 10 | 58,865,548 | 417,922,005 |
| 228 | Cost | | 4,848,594,344 | 4,848,594,344 |
| 229 | Accumulated amortisation | | (4,789,728,796) | (4,430,672,339) |
| 250 | III. Long-term investments | 5 | 154,940,315,096 | 155,538,611,333 |
| 255 | 1. Held-to-maturity investments | | 154,940,315,096 | 155,538,611,333 |
| 260 | IV. Other non-current assets | | 3,338,729,184 | 4,546,967,905 |
| 261 | 1. Long-term prepaid expense | 11 | 3,338,729,184 | 4,546,967,905 |
| 270 | TOTAL ASSETS | | 1,179,564,641,040 | 1,198,299,754,115 |

BALANCE SHEET (continued)
as at 31 December 2015

Currency: VND

| Code | RESOURCES | Notes | Ending Balance | Beginning Balance (reclassified) |
|------------|---|-----------|--------------------------|-------------------------------------|
| 300 | A. TOTAL LIABILITIES | | 721,668,548,625 | 770,841,872,723 |
| 310 | I. Current liabilities | | 714,463,486,528 | 764,529,087,529 |
| 311 | 1. Trade payables | 12 | 80,547,144,002 | 56,241,376,092 |
| 311.1 | 1.1. Insurance payables | | 77,813,999,061 | 52,329,891,406 |
| 311.2 | 1.2. Other trade payables | | 2,733,144,941 | 3,911,484,686 |
| 313 | 2. Tax and other statutory obligations | 13 | 13,907,875,160 | 9,567,527,408 |
| 314 | 3. Payables to employees | | 6,727,922,191 | 6,205,662,627 |
| 318 | 4. Short-term deferred revenue | | 1,087,619,057 | 1,884,844,362 |
| 318.1 | 5. Un-earned commission revenue | 14 | 18,894,540,306 | 14,473,762,127 |
| 319 | 6. Other short-term payables | 15 | 169,074,224,204 | 108,907,521,704 |
| 322 | 7. Bonus and welfare funds | | 8,726,083,767 | 7,566,027,802 |
| 329 | 8. Technical reserves | | 415,498,077,841 | 559,682,365,407 |
| 329.1 | 8.1. Gross un-earned premium reserve | 16.1.1 | 128,701,959,772 | 103,479,455,100 |
| 329.2 | 8.2. Gross claim reserves | 16.1.2 | 248,196,164,586 | 422,904,058,283 |
| 329.3 | 8.3. Catastrophe reserves | 16.2 | 38,599,953,483 | 33,298,852,024 |
| 330 | II. Non-current liabilities | | 7,205,062,097 | 6,312,785,194 |
| 341 | 1. Deferred tax liability | 27.1 | 7,205,062,097 | 6,312,785,194 |
| 400 | B. OWNERS' EQUITY | | 457,896,092,415 | 427,457,881,392 |
| 410 | I. Capital | 17 | 457,896,092,415 | 427,457,881,392 |
| 411 | 1. Contributed chartered capital | | 300,000,000,000 | 300,000,000,000 |
| 417 | 2. Foreign exchange differences | | 31,520,800,000 | 31,520,800,000 |
| 419 | 3. Statutory reserve | | 30,000,000,000 | 27,535,626,473 |
| 421 | 4. Retained earnings | | 96,375,292,415 | 68,401,454,919 |
| 421a | 4.1. Accumulated undistributed profit of previous years | | 17,707,628,803 | 16,507,180,987 |
| 421b | 4.2. Undistributed profit of current year | | 78,667,663,612 | 51,894,273,932 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 1,179,564,641,040 | 1,198,299,754,115 |

Preparer
Ms Pham Thu Trang

Chief Accountant
Ms Duong Thi Thanh Toan

General Director
Mr Hideki Mishima

Hanoi, Vietnam

28 March 2016

INCOME STATEMENT

PART I: COMPREHENSIVE INCOME STATEMENT
for the year ended 31 December 2015

Currency: VND

| Code | ITEMS | Current year | Previous year |
|-----------|--|------------------------|-----------------------|
| 10 | 1. Total operating income | 224,474,158,950 | 182,429,804,660 |
| 12 | 2. Finance income | 46,960,759,518 | 39,474,897,534 |
| 13 | 3. Other income | 1,354,844,544 | 459,413,478 |
| 20 | 4. Total direct operating expenses | 81,426,146,432 | 73,561,730,963 |
| 22 | 5. Finance expense | 9,783,466,771 | 4,429,767,629 |
| 23 | 6. General and administrative expenses | 70,366,808,105 | 69,797,925,859 |
| 24 | 7. Other expenses | 220,830,975 | 37,276,590 |
| 50 | 8. Profit before corporate income tax (50 = 10 + 12 + 13 - 20 - 22 - 23 - 24) | 110,992,510,729 | 74,537,414,631 |
| 51 | 9. Current corporate income tax | 24,827,793,355 | 16,661,667,526 |
| 52 | 10. Deferred corporate tax expense | 892,276,903 | 375,166,588 |
| 60 | 11. Net profit for the year after corporate income tax (60 = 50 - 51 - 52) | 85,272,440,471 | 57,500,580,517 |

INCOME STATEMENT (continued)

PART II: OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2015

Currency: VND

| Code | ITEMS | Notes | Current year | Previous year |
|-----------|--|-------------|--------------------------|--------------------------|
| 01 | 1. Insurance revenue (01 = 01.1 + 01.2 - 01.3) | 18 | 378,593,470,212 | 345,929,425,782 |
| | <i>In which:</i> | | | |
| 01.1 | Direct written premiums | 18.1 | 374,339,494,490 | 315,564,718,866 |
| 01.2 | Reinsurance premium assumed | 18.2 | 29,476,480,394 | 36,353,410,893 |
| 01.3 | Increase in un-earned premium reserve | 16.1 | 25,222,504,672 | 5,988,703,977 |
| 02 | 2. Reinsurance premium ceded (02 = 02.1 - 02.2) | 19 | 204,850,492,177 | 195,485,500,777 |
| | <i>In which:</i> | | | |
| 02.1 | Reinsurance premium ceded | 19.1 | 227,112,592,935 | 195,621,683,255 |
| 02.2 | Increase in ceded premium reserve | 16.1 | 22,262,100,758 | 136,182,478 |
| 03 | 3. Net insurance premiums (03 = 01 - 02) | | 173,742,978,035 | 150,443,925,005 |
| 04 | 4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2) | 20 | 50,731,180,915 | 31,985,879,655 |
| | <i>In which:</i> | | | |
| 04.1 | Commission on reinsurance ceded | 20.1 | 41,713,786,338 | 24,160,111,010 |
| | - Increase in commission on reinsurance ceded | 14 | 46,134,564,517 | 38,633,873,137 |
| | - (Increase) in un-earned commission revenue | | (4,420,778,179) | (14,473,762,127) |
| 04.2 | Other income from insurance activities | 20.2 | 9,017,394,577 | 7,825,768,645 |
| 10 | 5. Total net revenue from insurance business (10 = 03 + 04) | | 224,474,158,950 | 182,429,804,660 |
| 11 | 6. Claim expenses (11 = 11.1 - 11.2) | | 264,682,421,853 | 339,901,920,090 |
| | <i>In which:</i> | | | |
| 11.1 | Claim expenses | | 266,364,842,082 | 341,156,465,177 |
| 11.2 | Claim expense reductions | | 1,682,420,229 | 1,254,545,087 |
| 12 | 7. Recoveries from reinsurance ceded | 21.3 | 202,958,140,434 | 296,326,721,350 |
| 13 | 8. Decrease in direct and assumed claim reserve | 16.1 | (174,707,893,697) | (128,323,107,972) |
| 14 | 9. Decrease in ceded claim reserve | 16.1 | (168,859,090,179) | (140,578,217,160) |
| 15 | 10. Net claim expenses (15 = 11 - 12 + 13 - 14) | 21 | 55,875,477,901 | 55,830,307,928 |
| 16 | 11. Increase in catastrophe reserve | | 5,301,101,458 | 4,688,893,395 |

INCOME STATEMENT (continued)

PART II: OPERATIONAL INCOME STATEMENT
for the period ended 31 December 2015

Currency: VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|-----------|------------------------|------------------------|
| 17 | 12. Other operating expenses (17 = 17.1 + 17.2) | 22 | 20,249,567,073 | 13,042,529,640 |
| | <i>In which:</i> | | | |
| 17.1 | Commission expense | 7 | 15,898,718,053 | 8,778,498,637 |
| 17.2 | Other underwriting expenses | | 4,350,849,020 | 4,264,031,003 |
| 18 | 13. Total direct operating expenses (18 = 15 + 16 + 17) | | 81,426,146,432 | 73,561,730,963 |
| 19 | 14. Gross insurance operating profit (19 = 10 - 18) | | 143,048,012,518 | 108,868,073,697 |
| 23 | 15. Finance income | 23 | 46,960,759,518 | 39,474,897,534 |
| 24 | 16. Finance expense | 24 | 9,783,466,771 | 4,429,767,629 |
| 25 | 17. Profit from financial activities (25 = 23 - 24) | | 37,177,292,747 | 35,045,129,905 |
| 26 | 18. General and administrative expenses | 25 | 70,366,808,105 | 69,797,925,859 |
| 30 | 19. Net operating income (30 = 19 + 25 - 26) | | 109,858,497,160 | 74,115,277,743 |
| 31 | 20. Other income | 26 | 1,354,844,544 | 459,413,478 |
| 32 | 21. Other expenses | 26 | 220,830,975 | 37,276,590 |
| 40 | 22. Net other profit (40 = 31 - 32) | | 1,134,013,569 | 422,136,888 |
| 50 | 23. Profit before corporate income tax (50 = 30 + 40) | | 110,992,510,729 | 74,537,414,631 |
| 51 | 24. Current corporate income tax | 27 | 24,827,793,355 | 16,661,667,526 |
| 52 | 25. Deferred corporate income tax | 27 | 892,276,903 | 375,166,588 |
| 60 | 26. Net profit for the year after corporate income tax (60 = 50 - 51 - 52) | | 85,272,440,471 | 57,500,580,517 |

Preparer
Ms Pham Thu Trang

Chief Accountant
Ms Duong Thi Thanh Toan

General Director
Mr Hideki Mishima

Hanoi, Vietnam

28 March 2016

CASH FLOW STATEMENT
for the year ended 31 December 2015

Currency: VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|-------|-------------------------|-------------------------|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Receipt from sale of goods and rendering of services | | 525,422,521,171 | 397,761,927,116 |
| 02 | Payments to suppliers | | (479,339,525,567) | (560,395,050,766) |
| 03 | Payment to employees | | (31,014,226,313) | (29,434,710,055) |
| 05 | Payment of corporate income tax | | (21,927,798,228) | (17,439,175,780) |
| 06 | Receipts from other operating activities | | 115,751,021,056 | 311,285,174,789 |
| 07 | Payment of operating activities | | (44,330,294,302) | (34,278,639,391) |
| 20 | Net cash inflows from operating activities | | 64,561,697,817 | 67,499,525,913 |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Payment to purchase fixed assets and constructions | | (2,947,313,613) | (115,940,000) |
| 22 | Receipts on disposals of fixed assets | | 1,474,300,000 | 400,000,000 |
| 23 | Disbursement for loans and purchase of investment securities | | (676,261,141,936) | (737,907,247,157) |
| 24 | Receipts from loans and sale of investment securities | | 623,231,932,601 | 689,361,931,484 |
| 27 | Receipts from investment and dividends | | 34,486,398,713 | 7,802,138,473 |
| 30 | Net cash flow from investing activities | | (20,015,824,235) | (40,459,117,200) |
| | III. CASH FLOWS FROM FINANCIAL ACTIVITIES | | | |
| 36 | Dividend paid | | (50,693,826,035) | (57,216,123,176) |
| 40 | Net cash flow from financial activities | | (50,693,826,035) | (57,216,123,176) |
| 50 | Net change in cash and cash equivalents | | (6,147,952,453) | (30,175,714,463) |
| 60 | Cash and cash equivalents at the beginning of the year | | 43,863,954,617 | 73,456,768,570 |
| 61 | Impact of exchange rate fluctuation | | 4,220,189,307 | 582,900,510 |
| 70 | Cash and cash equivalents at the end of the year | 4 | 41,936,191,471 | 43,863,954,617 |

Preparer
Ms Pham Thu Trang

Chief Accountant
Ms Duong Thi Thanh Toan

General Director
Mr Hideki Mishima

Hanoi, Vietnam

28 March 2016

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015 and for the year then ended

1. CORPORATE INFORMATION

Baoviet Tokio Marine Insurance Company Limited ("BVTM") formally was a joint-venture among Bao Viet Holdings, Commercial Union Assurance Company PLC and The Tokio Marine and Fire Insurance Co., Ltd. The Company was established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5th August 1996 and subsequent amendments. The latest amendment No. 65/GP/KDBH issued by the Ministry of Finance on 01 July 2013 to amend the name of Company from Baoviet Tokio Marine Insurance Joint Venture Company to Baoviet Tokio Marine Insurance Company Limited ("BVTM").

Table below illustrates the parties' contribution to the legal and invested capital of the Company as of 31 December 2015:

| <i>Name of the Party</i> | <i>Amount in VND</i> | <i>Percentage</i> |
|------------------------------|------------------------|-------------------|
| Bao Viet Holdings | 153,000,000,000 | 51% |
| Tokio Marine Asia Pte., Ltd. | 147,000,000,000 | 49% |
| | 300,000,000,000 | 100% |

Main activities of the Company are to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

Head office and the Branch

Head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at Room 03, 19th Floor, Green Power Building, 35 Ton Duc Thang, District 1, Hochiminh City.

Employees

Total number of employees of the Company as at 31 December 2015 is 97 people (as at 31 December 2014: 99 people).

Results

The net profit for the year ended 31 December 2015 was 85,272,440,471 VND (the net profit for the year ended 31 December 2014 was 57,500,580,517 VND).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

2. BASIS OF PREPARATION

2.1 *Accounting standard and system*

The financial statements of the Company, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System for non-life insurance companies issued by the Ministry of Finance in Circular 232/2012/TT-BTC ("Circular 232") dated 28 December 2012 and the Circular 200/2014/TT-BTC dated 22 December 2014 provide guidance on enterprise accounting system, in accordance with Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- ▶ Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying balance sheet, income statement and cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Registered accounting documentation system*

Company's applied accounting documentation system is the journal ledger system.

2.3 *Fiscal year*

The Company's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The financial statements are prepared in VND which is also the Company's accounting currency.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

Accounting policies that the Company applied are consistent with the accounting policies for the preparation of the financial statements for the year ended 31 December 2014, except for changes in accounting policies as follows:

Circular No. 200/2014/TT-BTC providing guidance on the corporate accounting regime applied for enterprises in all business lines and economic sectors.

On 22 December 2014, the Ministry of Finance promulgated the Circular No. 200/2014/TT-BTC providing guidance on the corporate accounting regime applied for enterprises in every business line and economic sector ("Circular 200"). The Circular takes effect from 1 January 2015 and supersedes the prevailing enterprise accounting system under Decision 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance.

Under the impact of changes in accordance with Circular 200 as compared to Decision 15, items of financial statements have been supplemented and amended; separated or aggregated or shown a change in their codes. As a result, comparative figures of financial statements for the current year have also been represented to conform to provisions of Circular 200.

Moreover, Circular 200 has introduced some changes associated with recording principles for some items of financial statements.

Certain comparative figures as at 31 December 2014 have been reclassified to conform with the financial statement presentation adopted for the current year in accordance with the requirements in Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 (see Note 33).

Circular 194/2014/TT-BTC amends and supplements a number of articles of Circular No. 124/2012/TT-BTC dated 30 July 2012 of the Ministry of Finance.

On 17 December 2014, the Ministry of Finance promulgated the Circular No. 194/2014/TT-BTC ("Circular 194"), which amends and supplements a number of articles of the Circular No. 124/2012/TT-BTC dated 30 July 2012 and the Circular No. 125/2012/TT-BTC dated 30 July 2012 of the Ministry of Finance providing guidance on the financial regime applicable to insurers, reinsurance businesses, insurance brokers and branches of foreign non-life insurers.

In accordance with Circular 194, premium payment period shall not exceed 30 days since policy effective date in case of one-time premium payment. For instalment contracts, premium payment period of the first instalment shall not exceed 30 days since policy effective date. This does not applied to the following instalments. The Company is required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalment only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Presentation and disclosures of financial instruments

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, including financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

As Circular 210 only requires the presentation and disclosure of financial instruments, the definition of financial assets, financial liabilities and other relevant definitions are applicable to the preparation of the notes in accordance with Circular 210 only. The recognition and measurement of assets, liabilities and equities of the Company are still in accordance with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting System and accounting guidance applicable to insurance companies and comply with the relevant statutory requirements.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with an original maturity of three months or less which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.4 Financial investments

3.4.1 Trading Securities

Trading securities held for trading purpose which also includes securities with maturity more than 12 months bought and sold to margin gain:

- ▶ Shares, bonds listed on securities market;
- ▶ Securities and other financial instruments.

Trading securities are stated at their acquisition cost.

Periodically, trading securities are subject to review for impairment. Any impairment losses are recognized in the Company's income statement.

3.4.2 Held to maturity investments

Held to maturity investments include: term deposits (including treasury bills, promissory notes), bonds, preference shares which the issuer is required to repurchase in a certain time in the future. These investments are held for purposes of periodic interest income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial investments (continued)

3.4.3 Other long-term investments

Other long term investments represent the Company's capital investments in other enterprises where the Company either owns less than 20% of voting right and is founding shareholder; or strategic partner; or impacts on the enterprise' foundation, determines financial and operating policies under agreements with the Members' Council/ Board of Management.

The investments are initially recognized at cost and subsequently are recognized at cost during the holding period.

Other investments are subject to review for impairment. Any impairment losses are recognized in the Company's income statement.

3.4.4 Provision for diminution in value of investment

Provision for impairment of investment is made with reference to Circular 228/2009/TT-BTC dated 07 December 2009 and Circular 89/2013/TT-BTC dated 28 June 2013 which provides the amendments and supplements to Circular 228 issued by the Ministry of Finance ("MOF"). Details of the basis of determination of impairment of investment are as follows:

Listed shares

Investment in listed shares are carried at cost in accordance with Vietnamese Accounting Standards, if there is objective evidence about an impairment loss on a listed share that is carried at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the closing market value as of the balance sheet date as per the formula given in the Circular No. 228/2009/TT-BTC dated 07 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 which provides the amendments and supplements to Circular 228 issued by the Ministry of Finance ("MOF"). Given below is the formula to calculate the impairment provision for quoted securities:

$$\text{Provision for impairment of individual stock} = \text{Quantity of security held at balance sheet} \times \left(\text{Unit price of security in accounting book} - \text{Market price of security at balance sheet} \right)$$

Unlisted shares (OTC)

For unlisted shares, the following methods were used in calculating the fair value in order to compare with the book value to determine the provision:

- ▶ For shares which have been registered for trading in the market specially tailored for shares of unlisted companies (UPCom), market value is the average trading price on the system on 31 December 2015.
- ▶ Market value of over-the-counter (OTC) shares is the average price announced by at least three independent securities companies operating in Vietnam.

For other securities that have no market prices for purpose of making provision of impairment, the Company considers to use book value of securities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Investments (continued)

3.4.4 Provision for diminution in value of investment (continued)

Equity investments in other entities

For capital amounts invested by the enterprise in economic organizations and other long-term investments, a provision was set up if economic organizations in which the enterprise is investing suffer from loss (except where such losses are already planned in their business plans before investment).

The level of provision for each financial investment to be set up shall be at most equal to the capital amount already invested and calculated according to the following formula as given in the Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance and Circular No. 89/2013/TT-BTC dated 28 June 2013:

$$\text{Level of provision for loss of financial investments} = \left(\text{Parties' actual capital contribution to the economic organization} - \text{Actual owners' equity} \right) \times \frac{\text{Investment capital of the enterprise}}{\text{Parties' total actual capital contribution to the economic organization}}$$

The basis for setting up the provision is the positive difference between the parties' actual capital contributions and the actual owners' equity at the time of preparing the economic organization's financial statements.

3.5 Receivables

Receivables comprise of trade receivables and other receivables that are initially recognized at cost and subsequently are recognized at cost.

Provision for impairment of trade receivables and other receivables will be made based on their overdue ages. For undue receivables but those were owned by indebted economic organizations which fall bankrupt or are undergoing dissolution procedures, debtors are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, these undue receivables should be estimated the irrecoverable loss for appropriating the provision. The increase or decrease to the provision balance is recorded as the administration expense in the income statement.

The Company uses the provision policy regulated by the Ministry of Finance in Circular 228/2009/TT-BTC dated 07 December 2009. Details are as follows:

| <u>Overdue receivables</u> | <u>Allowance rate</u> |
|---|-----------------------|
| Over six (06) months to less than one (01) year | 30% |
| From one (01) to less than two (02) years | 50% |
| From two (02) to less than three (03) years | 70% |
| From three (03) years | 100% |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement.

When tangible fixed assets are sold or liquidated, their costs and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal the difference between the net disposal proceeds and the carrying amount is included in the income statement.

3.7 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the income statement as incurred.

When intangible fixed assets are sold or liquidated, any gain or loss resulting from their disposal the difference between the net disposal proceeds and the carrying amount is included in the income statement.

3.8 *Depreciation and amortisation*

Depreciation and amortisation of tangible and intangible fixed assets is calculated on a straight-line basis over the estimated useful lives of these assets, which are as follows:

| | |
|------------------|--------------|
| Office equipment | 3 - 7 years |
| Motor vehicles | 6 - 10 years |
| Software | 3 - 5 years |

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.10 *Payables and accruals*

Payables and accruals are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Employee benefits

3.11.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the rate of 18% of employee basic salaries on a monthly. The Company has no further obligation concerning post-employment benefits for its employees other than this.

3.11.2 Unemployment benefits

According to Social Insurance Law No.71/2006/QH11 issued in 29 Jun 2006 and Decree No. 127/2008/ND-CP dated 12 December 2008 by the Government, the Unemployment insurance fund is implemented from 1 January 2009, to which, employees contribute 1% of their salary, employers contribute 1% of salary of their employees participating in the unemployment insurance, and the Government contributes 1% of salary of all those participating in the unemployment insurance from the State budget. Vietnam Social Insurance Agency is responsible for the collection, distribution and management of the fund.

3.12 Technical reserves

The reserves of the Company include: (i) unearned premium reserve, (ii) claim reserve and (iii) catastrophe reserve. The calculation methods for reserves are in accordance with Circular 125/2012/TT-BTC ("Circular 125") dated 30 July 2012 issued by the Ministry of Finance.

Details on the reserve calculation methods are as follows:

(i) Unearned premium reserve

The Company applied the daily basis to calculate unearned premium reserve for all types of insurance. This method is in accordance with Official Letter No.13674 TC/BH dated 26 December 2003 approved by Ministry of Finance and in accordance with Circular 125. The formula is as follow:

$$\text{Unearned premium reserve} = \frac{\text{Retained premiums} * \text{Remaining day of insurance policy}}{\text{Number of coverage days}}$$

(ii) Claim reserves

Claim reserves include reserve for outstanding claims and for claims incurred but not reported ("IBNR").

- ▶ **Outstanding claim reserve:** determined based on the estimated claim payments for each claim, for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, after deducting the amount recoverable from reinsurers in accordance to Circular 125.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Technical reserves (continued)

(ii) *Claim reserves (continued)*

- *Reserve for incurred but not reported claims for which the insurer is liable ("IBNR reserve")*: is established based on the formula in Circular 125 as follow:

$$\begin{array}{ccccccc}
 \text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} & = & \frac{\text{Total indemnity for claims incurred but not reported as at the end of last 3 consecutive fiscal years}}{\text{Total indemnity for losses arising in the last 3 consecutive fiscal years}} & \times & \text{Indemnity for losses arising in the current fiscal year} & \times & \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}}
 \end{array}$$

(iii) *Catastrophe reserve*

Catastrophe reserve is accrued annually until such reserve reaches 100% of the net written premium of the current fiscal year and is calculated at 3% of net written premiums.

On 28 December 2005, the Ministry of Finance issued Decision 100/2005/QĐ-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19 - Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 46/2007/ND-CP issued by the Government of Vietnam on 27 March 2007 regarding financial regulations for insurance enterprises. The company still allocates catastrophe reserve on the financial statements for the financial year ended at 31 December 2015.

3.13 Foreign currency transactions

The Company follows the guidance under Vietnamese Accounting Standard No. 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") and Circular 179/2012/TT-BTC dated on 24 October 2012 issued by the Ministry of Finance in relation to foreign currency transactions ("Circular 179") and Circular 200/2014/TT-BTC dated on 22 December 2014.

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution.
- payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.13 Foreign currency transactions (continued)**

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- ▶ monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly;
- ▶ monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the income statement.

3.14 Appropriation of net profits

Based on approval of the appropriate level of authority/Members' Council, net profit after tax shall be considered as dividend to investors/shareholders. Dividend shall be paid after consideration of any deduction of profit not for dividend and after making funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company establishes statutory reserve fund as per requirement of the Decree 46/2007/ND-CP dated 22 March 2007 issued by the Government. Company deduct 5% of its annual after-tax profit for setting up the compulsory reserve fund. That fund is at most equal to 10% of the enterprise's charter capital.

Every year, the Company establishes Bonus and welfare fund. This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Gross written premium

Gross written premiums are recognized in accordance with Circular 125/2012/TT/BTC issued by the Ministry of Finance on 30 July 2012 ("Circular 125") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches and Circular No. 194/2014/TT-BTC ("Circular 194"), which amends and supplements a number of articles of the Circular No. 124/2012/TT-BTC and the Circular No. 125/2012/TT-BTC dated 30 July 2012.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition (continued)

(i) Gross written premium (continued)

Gross written premium is recognized as revenue at the point of time when the insurance liability is incurred, specific as follow: (1) the insurance contract has been entered into by the insurer and the insured; and (2) the premium has been paid by the insured or (3) there is agreement between the Company and the insured for delayed payment of insurance premium. If the Company and its customers mutually agree a method of insurance premium payment on an instalment basis, only the insurance premium which is due in accordance with the instalment contract shall be taken to revenue for the period. In accordance with Circular 194, premium payment period shall not exceed 30 days from policy effective date in case of one-time premium payment and for the first instalment in case of instalment premium payment. For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalment only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

Prepaid premium before due date is recorded as "Short-term deferred revenue" in the balance sheet.

(ii) Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

(iii) Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend in cash is established. According to Circular 200/2014/TT-BTC, if the Company receive the dividend in the form of share or the company is entitled to receive bonus share, only record the number of share entitled will be reflected in the share portfolio of the Company.

3.16 Expense recognition

(i) Claim expense

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case that the final claim amount has not been finalized but the Company is certain that the loss is within its insured liabilities and has paid an advance to the customer as per their request, such advance would also be recognized as claim expenses. Any claim that is not yet approved by authorized persons is considered an outstanding claim and included in claims reserve.

(ii) Commission expense

Commission expense which incurred, however was not accounted in income statement shall be recorded in "short-term prepaid expense". Commission expenses are calculated as the percentages of premium revenue and are recognized in the income statement. Commission is calculated for all products with specific percentages for each type of products, and in accordance with Circular 124/2012/TT-BTC issued by the MoF on 30 July 2012.

(iii) Other administration expense

Other administration expense is recognized when incurred.

(iv) Operating lease

Rentals paid under operating leases are charged to the separate income statement on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Recognition of reinsurance activities

(i) Reinsurance ceded

Reinsurance premiums ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.

Reinsurance premiums ceded under facultative reinsurance agreement is recognized when the facultative reinsurance agreement has been entered into by the Company and when gross written premiums within the scope of the facultative agreements are recognized.

Reinsurance recovery is recognized when there is evidence of liability on the part of the reinsurer.

Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded. At the end of accounting period, the part of reinsurance commission which is not included in income and expense of period corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- ▶ Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements for which the cedants have not sent their statement of accounts have been estimated based on statistical data and based on the cedants' own estimate.

Reinsurance assumed under facultative arrangement:

- ▶ Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been entered into by the Company and a statement of account (for each facultative reinsurance agreement) has been received from the cedants;
- ▶ Claim expenses for reinsurance assumed are recognized when there is evidence of liability of the Company and when a statement of account has been sent to the Company;
- ▶ Reinsurance commission is recognized when the reinsurance premium is ceded and when a statement of account has been sent to the Company. At the end of accounting period, the part of reinsurance commission which is not included in income and expense of period corresponding to unearned premium of reinsurance assumed shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences carried forward unused tax credit and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is audited at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation (continued)

Deferred tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 Uses of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

4. CASH AND CASH EQUIVALENTS

| | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|-------------------------|-------------------------------|----------------------------------|
| Cash | 12,836,691,471 | 14,516,454,617 |
| Cash on hand | 13,793,989 | 19,230,789 |
| <i>In which:</i> | | |
| VND | 13,793,989 | 19,230,789 |
| Foreign currency | - | - |
| Cash at bank | 12,822,897,482 | 14,497,223,828 |
| <i>In which:</i> | | |
| VND | 10,044,793,258 | 8,801,334,911 |
| Foreign currency | 2,778,104,224 | 5,695,888,917 |
| Cash equivalents | 29,099,500,000 | 29,347,500,000 |
| <i>In which:</i> | | |
| VND | 10,000,000,000 | 24,000,000,000 |
| Foreign currency | 19,099,500,000 | 5,347,500,000 |
| | <u>41,936,191,471</u> | <u>43,863,954,617</u> |

5. FINANCIAL INVESTMENTS

| | <i>Notes</i> | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|-------------------------------------|--------------|-------------------------------|----------------------------------|
| Trading securities | | | |
| Listed shares | | 3,430,000,000 | 3,430,000,000 |
| | | <u>3,430,000,000</u> | <u>3,430,000,000</u> |
| Held-to-maturity investments | 5.1 | | |
| Short-term | | 567,205,236,930 | 454,929,418,961 |
| - Term deposits | | 567,205,236,930 | 454,929,418,961 |
| Long-term | | 154,940,315,096 | 155,538,611,333 |
| - Bonds | | 154,940,315,096 | 155,538,611,333 |
| | | <u>722,145,552,026</u> | <u>610,468,030,294</u> |
| Net value of investments | | <u>725,575,552,026</u> | <u>613,898,030,294</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

5. SHORT-TERM INVESTMENTS (continued)

5.1 Held-to-maturity investments

| | Ending Balance | | Beginning Balance | |
|-------------------|------------------------|------------------------|------------------------|------------------------|
| | Cost VND | Carrying value VND | Cost VND | Carrying value VND |
| Short-term | | | | |
| Term deposits (*) | 567,205,236,930 | 567,205,236,930 | 454,929,418,961 | 454,929,418,961 |
| | 567,205,236,930 | 567,205,236,930 | 454,929,418,961 | 454,929,418,961 |
| Long-term | | | | |
| Bonds (**) | 154,940,315,096 | 154,940,315,096 | 155,538,611,333 | 155,538,611,333 |
| | 154,940,315,096 | 154,940,315,096 | 155,538,611,333 | 155,538,611,333 |
| | 722,145,552,026 | 722,145,552,026 | 610,468,030,294 | 610,468,030,294 |

(*) Short-term deposits in VND with interest rate ranging from 3.90% to 7.00% have original term of more than three (03) months and will mature in one year. Short term deposits in USD with interest rate ranging from 0.00% - 0.25% p.a

(**) State Treasury bond carries a term from 05 years to 10 years with coupon interest rate ranging from 7.1% to 8.7% p.a.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

6. CURRENT ACCOUNT RECEIVABLES

| | Ending Balance VND | Beginning Balance VND |
|---|-----------------------|--------------------------|
| Insurance receivables | | |
| Gross premium written receivables | 37,577,169,153 | 31,690,560,001 |
| - Premium Receivable from the Insurers | 31,254,554,545 | 21,575,621,468 |
| Of which: | | |
| TOYO Construction Company Ltd | 14,832,516,578 | 272,254,704 |
| Vina Star Motors Corporation | 4,636,526,281 | 1,292,138,174 |
| - Premium Receivable from Brokers | 4,315,440,851 | 7,802,277,580 |
| Of which: | | |
| AON Vietnam Limited Company | 1,226,720,842 | 2,316,983,090 |
| Gras Savoye Willis Vietnam Ltd Company | 1,760,349,538 | 4,205,542,079 |
| Marsh Vietnam Limited Company | 1,328,370,471 | 827,276,047 |
| - Premium Receivable from Agents | 2,007,173,757 | 2,312,660,953 |
| Reinsurance assumed receivables | 2,716,779,491 | 9,421,713,156 |
| Reinsurance ceded receivables | 20,863,116,462 | 9,501,876,123 |
| Receivables from co-insurers | 6,814,882,460 | 4,484,726,511 |
| - Claims recoveries from Co-insurers | 4,804,665,209 | 2,608,206,556 |
| Of which: | | |
| MSIG Insurance (Vietnam) Company Ltd. | 3,782,652,745 | 1,168,319,079 |
| United insurance company of Vietnam | 1,020,280,370 | 1,428,224,152 |
| - Others receivables from Co-insurers | 2,010,217,251 | 1,876,519,955 |
| Other receivables from insurance business | - | 2,039,787 |
| | 67,971,947,566 | 55,100,915,578 |
| Other trade receivables | | |
| Bank deposit interest receivables | 14,452,158,705 | 14,035,325,759 |
| Bond coupon receivables | 7,351,229,508 | 7,371,369,863 |
| Claim settling agent receivables | 4,306,866,597 | 1,915,877,559 |
| Of which: | | |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 4,261,137,625 | 1,915,877,559 |
| Other trade receivables | 69,178,336 | 235,974,310 |
| | 26,179,433,146 | 23,558,547,491 |
| Other short-term receivables | | |
| Advances | 139,864,797 | 97,568,611 |
| Deposit for third party claim agent (TPA/CLM) | 643,000,000 | 393,000,000 |
| Short-term mortgages, deposits | 20,250,000 | 40,232,000 |
| Other receivables | 132,595,995 | 125,458,589 |
| | 935,710,792 | 656,259,200 |
| Total receivables | 95,087,091,504 | 79,315,722,269 |
| Provision for doubtful debts | (40,871,504) | (64,677,073) |
| Net current account receivables | 95,046,220,000 | 79,251,045,196 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

7. OTHER CURRENT ASSETS

7.1 Unallocated commission expense

| | Ending balance VND | Beginning balance VND |
|--|-----------------------|--------------------------|
| Opening balance | 6,231,162,834 | - |
| Unallocated commission during the year | 17,231,365,247 | 15,009,661,471 |
| Allocated commission during the year | (15,898,718,053) | (8,778,498,637) |
| Closing balance | 7,563,810,028 | 6,231,162,834 |

8. COMPULSORY DEPOSITS

Insurance deposit is deposit denominated in USD. Under the prevailing regulation, the Company has to maintain statutory insurance deposit equivalent to 2% of its legal capital.

9. TANGIBLE FIXED ASSETS

| | Motor vehicles VND | Office equipment VND | Total VND |
|----------------------------------|-----------------------|-------------------------|-----------------|
| Cost: | | | |
| Beginning balance | 4,932,935,938 | 3,887,138,200 | 8,820,074,138 |
| Additions | 2,641,367,273 | 305,946,340 | 2,947,313,613 |
| Disposal | (1,985,644,487) | (159,856,477) | (2,145,500,964) |
| Ending balance | 5,588,658,724 | 4,033,228,063 | 9,621,886,787 |
| Accumulated depreciation: | | | |
| Beginning balance | (3,665,252,203) | (2,893,521,875) | (6,558,774,078) |
| Charge for the year | (578,750,494) | (543,473,136) | (1,122,223,630) |
| Disposal | 1,985,644,487 | 159,856,477 | 2,145,500,964 |
| Ending balance | (2,258,358,210) | (3,277,138,534) | (5,535,496,744) |
| Net book value: | | | |
| Beginning balance | 1,267,683,735 | 993,616,325 | 2,261,300,060 |
| Ending balance | 3,330,300,514 | 756,089,529 | 4,086,390,043 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

10. INTANGIBLE FIXED ASSETS

| | <i>Software VND</i> |
|----------------------------------|-------------------------|
| Cost: | |
| Beginning Balance | 4,848,594,344 |
| Additions during the year | - |
| Disposal | - |
| Ending Balance | <u>4,848,594,344</u> |
| Accumulated depreciation: | |
| Beginning Balance | (4,430,672,339) |
| Charge for the year | (359,056,457) |
| Ending Balance | <u>(4,789,728,796)</u> |
| Net book value: | |
| Beginning Balance | <u>417,922,005</u> |
| Ending Balance | <u>58,865,548</u> |

11. LONG-TERM PREPAID EXPENSE

Long-term prepaid expenses are assets reclassified as required in Circular 45/2013/TT-BTC, office renovation expenses, tools and consumables which can be used in more than 1 year.

12. TRADE PAYABLES

| | <i>Ending balance VND</i> | <i>Beginning balance VND</i> |
|--|-------------------------------|----------------------------------|
| Insurance payables | | |
| Claim payables | - | 19,408,650 |
| Commission payables | 3,641,121,239 | 1,783,419,330 |
| Payables for ceded activities | 67,209,203,851 | 46,357,557,224 |
| Payables to co-insurers | 6,836,707,078 | 4,113,426,850 |
| Other payables from insurance business | 126,966,893 | 56,079,352 |
| | <u>77,813,999,061</u> | <u>52,329,891,406</u> |
| Other trade payables | | |
| IT Advisory fee | 1,023,006,875 | 2,362,324,600 |
| Survey fee payable | 414,566,800 | 270,753,700 |
| Assessment fee for Financial Risk and Credit Policies | 384,356,960 | 227,082,100 |
| Reserved funds for fire and explosion compulsory fund and TPL compulsory of motor fund | 170,341,660 | 124,674,501 |
| Other trade payables | 740,872,646 | 926,649,785 |
| | <u>2,733,144,941</u> | <u>3,911,484,686</u> |
| Total | <u>80,547,144,002</u> | <u>56,241,376,092</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

13. TAXES AND OTHER STATUTORY OBLIGATIONS

| | <i>Beginning balance VND</i> | <i>Payables during the year VND</i> | <i>Paid during the year VND</i> | <i>Ending balance VND</i> |
|-------------------------|--------------------------------------|---|---|-------------------------------|
| Value added tax | 1,365,202,631 | 18,561,580,655 | (16,898,786,200) | 3,027,997,086 |
| Enterprise income tax | 4,050,992,200 | 24,827,793,355 | (21,927,798,228) | 6,950,987,327 |
| Personal income tax | 197,460,451 | 3,480,426,174 | (3,636,249,519) | 41,637,106 |
| Foreign withholding tax | 3,953,872,126 | 729,079,532 | (795,698,017) | 3,887,253,641 |
| Total | 9,567,527,408 | 47,598,879,716 | (43,258,531,964) | 13,907,875,160 |

14. UN-EARNED COMMISSION REVENUE

Unearned commission revenue is the deferred commission on reinsurance ceded in accordance with Circular 232/2012/TT-BTC issued by Ministry of Finance:

| | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|---------------------------|-------------------------------|----------------------------------|
| Opening balance | 14,473,762,127 | - |
| Increased during the year | 46,134,564,517 | 38,633,873,137 |
| Allocated during the year | (41,713,786,338) | (24,160,111,010) |
| Closing balance | 18,894,540,306 | 14,473,762,127 |

15. OTHER SHORT – TERM PAYABLES

| | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|-----------------------------------|-------------------------------|----------------------------------|
| Social insurance payables | - | 26,070,942 |
| Payables on repo contracts at BVF | 169,033,588,934 | 108,881,450,762 |
| Other payables | 40,635,270 | - |
| | 169,074,224,204 | 108,907,521,704 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

16. TECHNICAL RESERVES

16.1 Unearned premium reserve and claim reserve

Currency: VND

| | Ending Balance | | Beginning Balance | |
|-------------------------------------|---|---------------------------------|---|---------------------------------|
| | Reserve for direct insurance and inward reinsurance | Reserve for outward reinsurance | Reserve for direct insurance and inward reinsurance | Reserve for outward reinsurance |
| | | Net reserve | | Net reserve |
| Unearned premium reserve | | | | |
| Opening balance | 103,479,455,100 | 39,982,269,234 | 97,490,751,123 | 63,361,003,388 |
| Allocation in the year | 25,222,504,672 | 2,960,403,914 | 5,988,703,977 | 136,182,478 |
| Closing balance | 128,701,959,772 | 42,942,673,148 | 103,479,455,100 | 63,497,185,866 |
| Claim reserve | | | | |
| Opening balance | 422,904,058,283 | 373,627,805,272 | 551,227,166,255 | 514,206,022,432 |
| Addition/(reversal) during the year | (174,707,893,697) | (168,859,090,179) | (128,323,107,972) | (140,578,217,160) |
| Closing balance | 248,196,164,586 | 204,768,715,093 | 422,904,058,283 | 373,627,805,272 |
| | | | | 49,276,253,011 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

16. TECHNICAL RESERVES (continued)

16.1 Unearned premium reserve and claim reserve (continued)

16.1.1 Unearned premium reserve

Unearned Gross and Assumed Premium Reserves

| <i>Product</i> | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|--|-------------------------------|----------------------------------|
| Health and Personal Accident Insurance | 17,982,034,923 | 18,540,503,868 |
| Property and Damages Insurance | 74,466,553,852 | 55,820,769,473 |
| Cargo Insurance | 6,212,940,750 | 7,683,318,875 |
| Automobile Insurance | 9,172,049,220 | 7,873,830,797 |
| Fire Insurance | 667,053,199 | 566,244,155 |
| Marine Hull and P&I Insurance | 1,004,975,849 | 1,218,288,678 |
| Liability Insurance | 8,287,834,242 | 5,886,850,656 |
| Business Risk Insurance | 2,328,972,035 | 1,679,065,819 |
| Financial Risk and Credit Insurance | 8,579,545,702 | 4,210,582,779 |
| | 128,701,959,772 | 103,479,455,100 |

Unearned ceded premium reserve (Reinsurance assets)

| <i>Product</i> | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|--|-------------------------------|----------------------------------|
| Health and Personal Accident Insurance | 767,817,758 | 830,611,639 |
| Property and Damages Insurance | 67,047,611,262 | 49,923,528,935 |
| Cargo Insurance | 1,528,229,135 | 2,187,052,317 |
| Automobile Insurance | 4,980,296 | 5,147,806 |
| Fire Insurance | 506,515,608 | 414,489,016 |
| Marine Hull and P&I Insurance | 994,926,096 | 1,187,324,555 |
| Liability Insurance | 4,517,411,086 | 3,319,658,769 |
| Business Risk Insurance | 2,241,226,966 | 1,629,319,189 |
| Financial Risk and Credit Insurance | 8,150,568,417 | 4,000,053,640 |
| | 85,759,286,624 | 63,497,185,866 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

16. TECHNICAL RESERVES (continued)

16.1 Unearned premium reserve and claim reserve (continued)

16.1.2 Claim reserve

Direct and Reinsurance assumed claim reserve

| <i>Product</i> | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|--|-------------------------------|----------------------------------|
| Health and Personal Accident Insurance | 8,568,034,964 | 8,602,064,264 |
| Property and Damages Insurance | 173,829,142,990 | 322,003,829,439 |
| Cargo Insurance | 32,856,294,986 | 31,882,800,330 |
| Automobile Insurance | 1,838,864,552 | 2,403,859,165 |
| Fire Insurance | - | - |
| Marine Hull and P&I Insurance | - | - |
| Liability Insurance | 9,645,283,119 | 23,620,417,078 |
| Business Risk Insurance | 20,537,497,498 | 34,320,000,000 |
| Financial Risk and Credit Insurance | 921,046,477 | 71,088,007 |
| | 248,196,164,586 | 422,904,058,283 |

Reinsurance ceded claim reserve (Reinsurance assets)

| <i>Product</i> | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|--|-------------------------------|----------------------------------|
| Health and Personal Accident Insurance | 10,737,289 | 23,730,193 |
| Property and Damages Insurance | 164,875,118,732 | 313,831,726,565 |
| Cargo Insurance | 10,524,891,216 | 10,872,522,807 |
| Automobile Insurance | - | - |
| Fire Insurance | - | - |
| Marine Hull and P&I Insurance | - | - |
| Liability Insurance | 8,478,523,400 | 15,330,000,000 |
| Business Risk Insurance | 20,010,978,293 | 33,502,292,100 |
| Financial Risk and Credit Insurance | 868,466,163 | 67,533,607 |
| | 204,768,715,093 | 373,627,805,272 |

Claim reserve includes:

1. Outstanding claim reserve, as at 31 December 2015, which were provided for based on loss estimate for each individual claim, for which the Company was liable, which is either notified to the Company or requested for payment but it was still unresolved as at 31 December 2015. The net amount of cases reserves as at 31 December 2015 were VND 35,057,904,767, in which the gross claims payable for policy holders were VND 242,946,938,795 and coinsurance recoveries and the reinsurance are VND 3,120,318,935 and VND 204,768,715,093 respectively.
2. Reserves for claims incurred but not reported as at 31 December 2015, amounted to VND 8,369,544,726.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

16. TECHNICAL RESERVES (continued)

16.2 Catastrophe reserve

| <i>Product</i> | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|--|-------------------------------|----------------------------------|
| Health and Personal Accident Insurance | 8,863,683,660 | 7,525,968,604 |
| Property and Damages Insurance | 4,449,658,310 | 3,935,409,762 |
| Cargo Insurance | 15,261,473,630 | 12,988,159,033 |
| Automobile Insurance | 7,814,007,377 | 7,040,980,334 |
| Fire Insurance | 215,034,469 | 205,773,355 |
| Marine Hull and P&I Insurance | 110,068,793 | 105,628,593 |
| Liability Insurance | 1,701,949,563 | 1,351,616,661 |
| Business Risk Insurance | 104,606,026 | 99,049,023 |
| Financial Risk and Credit Insurance | 79,471,655 | 46,266,659 |
| | 38,599,953,483 | 33,298,852,024 |

Catastrophe reserve is accrued annually and calculated at 3% of Net written premiums.
Details are as follow:

| | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> |
|------------------------|-------------------------------|----------------------------------|
| Opening balance | 33,298,852,024 | 28,609,958,629 |
| Increased in the year | 5,301,101,459 | 4,688,893,395 |
| Used in the year | - | - |
| Closing balance | 38,599,953,483 | 33,298,852,024 |

Baoviet Tokio Marine Insurance Company Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

17. OWNERS' EQUITY

17.1 Increase and decrease in owners' equity

| | Contributed chartered capital VND | Statutory reserve fund VND | Undistributed after-tax profits VND | Foreign exchange difference (**) VND | Total VND |
|---|---|----------------------------------|---|--|------------------------|
| As at 01 January 2014 | 300,000,000,000 | 24,660,597,447 | 73,781,802,486 | 31,520,800,000 | 429,963,199,933 |
| Dividends paid | - | - | (57,274,621,484) | - | (57,274,621,484) |
| Profit for the year | - | - | 57,500,580,517 | - | 57,500,580,517 |
| Appropriation of profit to statutory reserve fund | - | 2,875,029,026 | (2,875,029,026) | - | - |
| Appropriation of profit to bonus and welfare fund | - | - | (2,731,277,574) | - | (2,731,277,574) |
| As at 31 December 2014 | 300,000,000,000 | 27,535,626,473 | 68,401,454,919 | 31,520,800,000 | 427,457,881,392 |
| As at 01 January 2015 | 300,000,000,000 | 27,535,626,473 | 68,401,454,919 | 31,520,800,000 | 427,457,881,392 |
| Dividends paid | - | - | (50,693,826,102) | - | (50,693,826,102) |
| Profit for the year | - | - | 85,272,440,471 | - | 85,272,440,471 |
| Appropriation of profit to statutory reserve fund (*) | - | 2,464,373,527 | (2,464,373,527) | - | - |
| Appropriation of profit to bonus and welfare fund | - | - | (4,140,403,346) | - | (4,140,403,346) |
| As at 31 December 2015 | 300,000,000,000 | 30,000,000,000 | 96,375,292,415 | 31,520,800,000 | 457,896,092,415 |

(*) As stipulated in Article 31, Decree 46 issued by the Government on 22 March 2007, insurance businesses are required to appropriate 5% annual profit after tax to set up statutory reserve fund until it reaches 10% of the chartered capital.

(**) The balance of foreign exchange translation reserve of VND 31,520,800,000 as at 31 December 2015 represents the foreign exchange difference resulted from the conversion of accounting currency from USD to VND since 01 January 2008.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

17. OWNERS' EQUITY (continued)

17.2 Contributed charter capital

| | As per Investment License/ Investment Certificate/Business License/Business Registration Certificate | | | |
|----------------------------|--|-------------------|---|---|
| | Charter capital amount (VND) | % of ownership | Contributed charter capital (VND) | Uncontributed charter capital (VND) |
| Vietnamese party: | | | | |
| Bao Viet Holdings | 153,000,000,000 | 51% | 153,000,000,000 | - |
| Foreign party: | | | | |
| Tokio Marine Asia Pte. Ltd | 147,000,000,000 | 49% | 147,000,000,000 | - |
| TOTAL | 300,000,000,000 | 100% | 300,000,000,000 | - |

18. REVENUE

| | Current year VND | Previous year VND |
|---------------------------------------|------------------------|------------------------|
| Gross written premiums | 377,834,632,075 | 320,013,748,143 |
| Deductions on gross written premium | (3,495,137,585) | (4,449,029,277) |
| Net direct premium | 374,339,494,490 | 315,564,718,866 |
| Reinsurance assumed premiums | 31,763,750,877 | 36,353,410,893 |
| Deductions on assumed premiums | (2,287,270,483) | - |
| Net assumed premium | 29,476,480,394 | 36,353,410,893 |
| Increase in un-earned premium reserve | (25,222,504,672) | (5,988,703,977) |
| | 378,593,470,212 | 345,929,425,782 |

18.1 Gross written premiums

| Product category | Current year VND | Previous year VND |
|--|------------------------|------------------------|
| Health Insurance and Personal Accident Insurance | 46,431,942,504 | 45,841,401,411 |
| Property and Damages Insurance | 154,036,585,024 | 121,113,927,553 |
| Cargo Insurance | 93,850,081,552 | 86,517,876,583 |
| Automobile Insurance | 25,779,513,508 | 24,016,142,417 |
| Fire Insurance | 1,334,106,562 | 1,232,196,977 |
| Marine Hull and P&I Insurance | 3,325,997,273 | 2,498,019,324 |
| Liability Insurance | 20,096,375,589 | 13,906,465,763 |
| Business Risk Insurance | 8,067,087,112 | 6,619,775,027 |
| Financial Risk and Credit Insurance | 21,417,805,366 | 13,818,913,811 |
| | 374,339,494,490 | 315,564,718,866 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

18. REVENUE (continued)

18.2 Reinsurance assumed premiums

| <i>Product category</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|------------------------------|------------------------------|
| Health Insurance and Personal Accident Insurance | 136,064,590 | 104,027,343 |
| Property and Damages Insurance | 25,927,903,161 | 31,848,432,798 |
| Cargo Insurance | 1,599,223,244 | 2,384,435,633 |
| Liability Insurance | 1,024,211,043 | 1,331,717,119 |
| Business Risk Insurance | 70,217,156 | - |
| Financial Risk and Credit Insurance | 718,861,200 | 684,798,000 |
| | <u>29,476,480,394</u> | <u>36,353,410,893</u> |

19. REINSURANCE PREMIUMS CEDED

| | <i>Current year VND</i> | <i>Previous year VND</i> |
|-----------------------------------|-------------------------------|-------------------------------|
| Reinsurance premium ceded | 227,112,592,935 | 195,621,683,255 |
| Increase in ceded premium reserve | (22,262,100,758) | (136,182,478) |
| Total | <u>204,850,492,177</u> | <u>195,485,500,777</u> |

19.1 Reinsurance premium ceded

| <i>Product category</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|-------------------------------|-------------------------------|
| Health Insurance and Personal Accident Insurance | 1,977,505,228 | 2,075,172,005 |
| Property and Damages Insurance | 162,828,815,055 | 141,028,647,385 |
| Cargo Insurance | 19,672,151,553 | 20,093,749,050 |
| Automobile Insurance | 11,945,416 | 12,234,764 |
| Fire Insurance | 1,025,402,767 | 917,017,233 |
| Marine Hull and P&I Insurance | 3,177,990,603 | 2,274,216,856 |
| Liability Insurance | 9,442,823,218 | 8,940,284,920 |
| Business Risk Insurance | 7,946,125,733 | 6,501,514,665 |
| Financial Risk and Credit Insurance | 21,029,833,362 | 13,778,846,377 |
| | <u>227,112,592,935</u> | <u>195,621,683,255</u> |

20. COMMISSION ON REINSURANCE CEDED AND OTHER INSURANCE INCOME

| | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|------------------------------|------------------------------|
| Commission on reinsurance ceded | 41,713,786,338 | 24,160,111,010 |
| Other income from insurance activities | 9,017,394,577 | 7,825,768,645 |
| | <u>50,731,180,915</u> | <u>31,985,879,655</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

20. COMMISSION ON REINSURANCE CEDED AND OTHER REVENUE FROM INSURANCE ACTIVITIES (continued)

20.1 Commission on reinsurance ceded

| <i>Product category</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|-----------------------------|------------------------------|
| Health Insurance and Personal Accident Insurance | 5,495,040 | 9,217,138 |
| Property and Damages Insurance | 31,106,865,676 | 17,810,229,524 |
| Cargo Insurance | 2,658,135,233 | 2,190,929,205 |
| Automobile Insurance | 2,543,718 | 1,496,026 |
| Fire Insurance | 222,101,302 | 112,766,379 |
| Marine Hull and P&I Insurance | 607,475,437 | 176,504,658 |
| Liability Insurance | 2,116,708,246 | 911,964,525 |
| Business Risk Insurance | 1,931,824,725 | 1,269,418,576 |
| Financial Risk and Credit Insurance | 3,062,636,961 | 1,677,584,979 |
| | 41,713,786,338 | 24,160,111,010 |

20.2 Other income from insurance activities

| | <i>Current year VND</i> | <i>Previous year VND</i> |
|-----------------------------|-----------------------------|------------------------------|
| Claim settling agent income | 6,549,281,790 | 5,618,549,745 |
| Handling charge income | 1,908,628,892 | 1,557,549,864 |
| Other income | 559,483,895 | 649,669,036 |
| | 9,017,394,577 | 7,825,768,645 |

21. CLAIM EXPENSES

| | <i>Current year VND</i> | <i>Previous year VND</i> |
|---|-----------------------------|------------------------------|
| Direct claim expenses and claim expenses on inward reinsurance | 266,364,842,082 | 341,156,465,177 |
| <i>Direct claim expense</i> | 265,690,754,923 | 338,119,831,882 |
| <i>Claim expense on inward reinsurance</i> | 674,087,159 | 3,036,633,295 |
| Recovery from third party, recovery from 100% compensated goods | 1,682,420,229 | 1,254,545,087 |
| Recovery from reinsurance ceded | 202,958,140,434 | 296,326,721,350 |
| Decrease in gross claim reserve and reinsurance assumed claim reserve | (174,707,893,697) | (128,323,107,972) |
| Decrease in outward reinsurance claim reserve | (168,859,090,179) | (140,578,217,160) |
| | 55,875,477,901 | 55,830,307,928 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

21. CLAIM EXPENSES (continued)

21.1 Direct claim expense

| <i>Product category</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|-----------------------------|------------------------------|
| Health Insurance and Personal Accident Insurance | 20,509,942,522 | 17,340,892,739 |
| Property and Damages Insurance | 190,493,205,289 | 266,276,895,557 |
| Cargo Insurance | 24,766,293,609 | 38,886,859,849 |
| Automobile Insurance | 7,198,688,788 | 7,116,904,939 |
| Fire Insurance | 1,413,236,250 | 126,036,840 |
| Marine Hull and P&I Insurance | - | 124,579,360 |
| Liability Insurance | 17,280,740,210 | 223,552,990 |
| Business Risk Insurance | 2,635,460,371 | 5,625,939,010 |
| Financial Risk and Credit Insurance | 1,393,187,884 | 2,398,170,598 |
| | 265,690,754,923 | 338,119,831,882 |

21.2 Claim expenses on reinsurance assumed

| <i>Product category</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|-----------------------------|------------------------------|
| Health Insurance and Personal Accident Insurance | 19,663,585 | 6,292,070 |
| Property and Damages Insurance | 540,078,269 | 3,030,049,311 |
| Cargo Insurance | 112,799,605 | (8,200,086) |
| Marine Hull and P&I Insurance | - | - |
| Liability Insurance | 1,545,700 | 8,492,000 |
| | 674,087,159 | 3,036,633,295 |

21.3 Recovery from reinsurance ceded

| <i>Product category</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|-----------------------------|------------------------------|
| Health Insurance and Personal Accident Insurance | 43,708,208 | 45,952,376 |
| Property and Damages Insurance | 184,200,837,699 | 263,032,847,023 |
| Cargo Insurance | 4,246,338,821 | 25,374,254,693 |
| Automobile Insurance | 190,000 | 740,000 |
| Fire Insurance | 1,130,589,000 | - |
| Marine Hull and P&I Insurance | - | 123,333,566 |
| Liability Insurance | 9,869,000,856 | 7,689,891 |
| Business Risk Insurance | 2,588,566,490 | 5,463,641,733 |
| Financial Risk and Credit Insurance | 878,909,360 | 2,278,262,068 |
| | 202,958,140,434 | 296,326,721,350 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

22. OTHER OPERATING EXPENSES

| | <i>Current year</i> VND | <i>Previous year</i> VND |
|-----------------------------------|----------------------------|-----------------------------|
| Commission | 15,898,718,053 | 8,778,498,637 |
| Underwriting risk survey expenses | 1,281,102,931 | 1,616,772,706 |
| Agent management fee | 356,989,685 | 213,365,571 |
| Handling charged | 937,145,626 | 1,012,407,330 |
| Loss prevention | - | 2,104,842 |
| Statutory contributions | 610,685,452 | 359,918,354 |
| Other expenses | 1,164,925,326 | 1,059,462,200 |
| Total | 20,249,567,073 | 13,042,529,640 |

23. FINANCE INCOME

| | <i>Current year</i> VND | <i>Previous year</i> VND |
|--|----------------------------|-----------------------------|
| Interest income from deposits | 11,302,328,671 | 10,594,687,072 |
| Gains from trusted investment in BVF | 26,106,906,973 | 25,443,691,707 |
| Dividend received from Vinare | 1,003,275,000 | 1,029,500,000 |
| Gain from investment in BVF1 | - | 230,867,854 |
| Revaluation foreign exchange gains at the year end | 4,102,196,850 | 1,658,909,926 |
| Realised foreign exchange gains during the year | 4,446,052,024 | 517,240,975 |
| | 46,960,759,518 | 39,474,897,534 |

24. FINANCE EXPENSE

| | <i>Current year</i> VND | <i>Previous year</i> VND |
|--|----------------------------|-----------------------------|
| Repo and management fee | 8,631,961,094 | 3,693,154,217 |
| Realised foreign exchange losses during the year | 1,151,505,677 | 397,710,419 |
| Other finance expense | - | 700,400,002 |
| Reversal of provision expense from investment impairment | - | (361,497,009) |
| | 9,783,466,771 | 4,429,767,629 |

25. GENERAL AND ADMINISTRATIVE EXPENSES

| | <i>Current year</i> VND | <i>Previous year</i> VND |
|--|----------------------------|-----------------------------|
| Employee expense | 41,415,244,879 | 39,658,022,876 |
| Material, Tool and equipment expense | 1,953,296,412 | 2,258,497,355 |
| IT consultancy fee | 6,493,499,198 | 7,229,002,240 |
| Depreciation expense | 1,481,280,079 | 1,671,119,443 |
| Tax, fee, and charge | 856,478,339 | 568,453,079 |
| Office rental and office renewal expense | 9,168,837,530 | 8,861,255,241 |
| Outsourcing expenses | 8,949,692,637 | 9,380,886,347 |
| Provision/(Reversal of provision) for doubtful debts | (23,805,569) | 48,689,278 |
| Other expenses | 72,284,600 | 122,000,000 |
| | 70,366,808,105 | 69,797,925,859 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

26. OTHER INCOMES AND EXPENSES

| | <i>Current year VND</i> | <i>Previous year VND</i> |
|---------------------------|-----------------------------|------------------------------|
| Gain from disposal assets | 1,353,454,545 | 363,636,364 |
| Other income | 1,389,999 | 95,777,114 |
| | 1,354,844,544 | 459,413,478 |
| Other expenses | 220,830,975 | 37,276,590 |
| | 220,830,975 | 37,276,590 |
| Net other profit | 1,134,013,569 | 422,136,888 |

27. CORPORATE INCOME TAX

The Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 22% of its taxable profits.

The Corporation's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

27.1 Deferred Corporate Income Tax Expense

| | <i>Balance sheet</i> | | <i>Income statement</i> | |
|---|-------------------------------|--------------------------------------|-----------------------------|------------------------------|
| | <i>Ending Balance VND</i> | <i>Beginning Balance VND</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
| Deferred tax liabilities | 7,205,062,097 | 6,312,785,194 | 892,276,903 | 375,166,588 |
| Net deferred income tax charge to Income statement | | | 892,276,903 | 375,166,588 |

27.2 Current Corporate Income Tax

The current tax payable is based on taxable profit for the year. Taxable profit of the Company for the year differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.2 Current Corporate Income Tax

Reconciliation between the current tax expense and the accounting profit/loss for the year is presented below. The Company's tax returns are subject to examination by the tax authorities. Therefore amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

| <i>ITEMS</i> | <i>Current year VND</i> | <i>Previous year VND</i> |
|--|-----------------------------|------------------------------|
| Net accounting profit before tax | 110,992,510,729 | 74,537,414,631 |
| Adjustments to increase | 7,807,714,111 | 3,932,240,429 |
| Non - deductible expense | 6,765,538,458 | 3,932,240,429 |
| Other adjustment increased accounting profit | 1,042,175,653 | - |
| Adjustments to decrease | (6,647,942,650) | (2,734,802,672) |
| Income from business activities not subject to CIT | (1,003,275,000) | (1,029,500,000) |
| Other adjustment decreased accounting profit | (5,644,667,650) | (1,705,302,672) |
| Estimated current taxable profit | 112,152,282,190 | 75,734,852,388 |
| Estimated Current CIT expenses | 24,673,502,082 | 16,661,667,526 |
| Adjustment lack of CIT the prior years | 154,291,273 | - |
| Current CIT expense | 24,827,793,355 | 16,661,667,526 |
| CIT payable at beginning of the year | 4,050,992,200 | 4,823,864,090 |
| CIT paid during the year | (21,927,798,228) | (17,434,539,416) |
| CIT payable at the end of the year | 6,950,987,327 | 4,050,992,200 |

28. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has contractual commitments for the rental of offices and apartment as follows:

| | <i>Current year VND</i> | <i>Previous year VND</i> |
|---|-----------------------------|------------------------------|
| Commitments for the rental of offices and apartment | | |
| Less than 1 years | 9,379,096,500 | 7,552,853,788 |
| From 1 to 5 years | 7,142,570,800 | 104,895,000 |
| | 16,521,667,300 | 7,657,748,788 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

28. COMMITMENTS AND CONTINGENCIES (continued)

Other off-balance sheet items

| ITEMS | Current year VND | Previous year VND |
|---|---------------------|----------------------|
| Insurance policies signed but not yet effective (VND) | 7,430,396,796 | 6,994,211,376 |
| Ceded Insurance policies signed but for which no obligations have arisen on the part of the Company (VND) | 2,329,147,672 | 3,591,677,778 |
| Bad debt written off (VND) | - | - |
| Foreign currency (USD) | 5,088,649 | 6,319,281 |
| Foreign currency (EUR) | - | - |
| Foreign currency (JPY) | - | - |

29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with some related companies during the year were as follows:

| Company | Relation | Transaction | Current year VND | Previous year VND |
|---|---|------------------------------------|---------------------|----------------------|
| Tokio Marine Asia Pte. Ltd | Joint-Owner | Dividend paid | 24,839,974,789 | 28,064,564,527 |
| | | Consultancy fee of IT | 2,558,261,027 | 4,133,398,000 |
| | | Underwriting risk survey fee | 615,978,396 | - |
| | | Other revenue | - | 95,777,114 |
| Bao Viet Holdings | Joint-Owner | Dividend paid | 25,853,851,312 | 29,210,056,957 |
| Bao Viet General Insurance Corporation | Owned by Bao Viet Holdings | Reinsurance inward premiums | 2,048,990,848 | 3,658,539,233 |
| | | Reinsurance inward commission | 291,260,779 | 723,098,091 |
| | | Reinsurance inward Claim expense | 440,099,187 | 157,350,417 |
| | | Reinsurance outward premiums | 37,418,630,531 | 40,796,198,582 |
| | | Reinsurance outward Commission | 9,792,955,949 | 10,790,029,076 |
| | | Claim recovery reinsurance outward | 23,841,229,471 | 10,682,495,858 |
| | | Handling charge | - | 5,019,169 |
| The Tokio Marine and Nichido Fire Insurance Co., Ltd. | Indirect investment via Tokio Marine Asia Pte.Ltd | Claims Settling Agent Fee | 5,880,824,027 | 5,165,104,483 |
| | | Reinsurance outward premiums | 76,868,894,782 | 52,204,650,349 |
| | | Reinsurance outward Commission | 12,851,434,144 | 8,310,470,590 |
| | | Claim recovery reinsurance outward | 100,333,456,845 | 234,007,550,488 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

30. RISK MANAGEMENT FRAMEWORK

30.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives. The Members' Council and Board of Management recognise the importance of having efficient and effective risk management systems in place.

The Company has established a risk management function which agreed clear terms of reference from the Members' Council and other committee. This function is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Members' Council to Board of Management and other senior management. A policy framework has been developed and implemented which sets out the Company's risk profiles; risk management; control and business conduct standards for the Company's operations. Each policy will be overseen by a member of the Board of Management on its compliance throughout the Company.

30.2 Risk management objectives, policies and processes for management of insurance risk

The primary insurance activity carried out by the Company is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues.

30.3 Capital management and regulatory framework

The primary capital management objective of the Company is to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. The Company recognises the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance.

Regulatory capital requirements arise from the operations of the Company require the Company to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The principal solvency requirements that apply to the Company are those set out in Circulars 125 issued by the Ministry of Finance.

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance subsidiaries are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintain appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

30. RISK MANAGEMENT FRAMEWORK (continued)

30.3 Capital management and regulatory framework (continued)

The tables below summarise the minimum regulatory solvency margin for the Company and the solvency capital:

| | <i>Company Solvency Capital VND million</i> | <i>Minimum Solvency Margin VND million</i> | <i>Solvency Margin Ratio</i> |
|------------------|---|--|----------------------------------|
| 31 December 2015 | 418,078 | 39,512 | 1,058.10% |
| 31 December 2014 | 397,875 | 34,139 | 1,165.45% |

The solvency ratio of the Company is calculated based on the relevant regulations promulgated by the Ministry of Finance in Vietnam, which is an indicator of the overall solvency position of the insurance operations.

30.4 Underwriting strategy

The Company's underwriting strategy seeks diversity to ensure a balanced mix of business portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

30.5 Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. The amount of each risk retained depends on the Company's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to pay the claim amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Ceded reinsurance contains credit risk, and to minimise such risk, only those reinsurers meeting the Company's credit rating standard, either assessed from public rating information or internally investigations, will be used.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. The following gives details of the Company's main products and the ways in which it manages the associated risks.

31.1 Insurance risk

31.1.1 General insurance contracts

Assumptions, changes in assumptions and sensitivity analysis

The process used to determine the assumptions is intended to result in estimates of the most likely outcome. The sources of data used as inputs for the assumptions are internal, based on detailed studies that are carried out regularly. The assumptions are checked to ensure that they are consistent with other observable information. There is more emphasis on current trends, and where there is insufficient historical information, prudent assumptions are used.

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

The key method is based on Circular 125. Details of such reserving methodologies are as follows:

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- ▶ Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, in accordance to the Circular 125; and
- ▶ Reserve for incurred but not reported claims for which the insurer is liable (IBNR).

The Company is calculating the reserve for incurred but not reported claims based on the following formula:

$$\begin{array}{ccccccc}
 \text{Reserve for} & & \text{Total indemnity for} & & & \text{Net} & \text{Average} \\
 \text{payment of} & & \text{claims incurred but} & & & \text{operating} & \text{delay in} \\
 \text{losses which} & & \text{not reported at the} & & & \text{revenue of} & \text{reporting} \\
 \text{incurred but} & & \text{end of the last} & & \text{Indemnity} & \text{current} & \text{claims of} \\
 \text{have} & & \text{three years} & & \text{for losses} & \text{fiscal year} & \text{current} \\
 \text{not yet} & = & & \times & \text{arising in} & & \text{fiscal year} \\
 \text{reported for} & & & & \text{the} & & \\
 \text{the current} & & \text{Total indemnity for} & & \text{current} & \times & \text{Average} \\
 \text{fiscal year} & & \text{losses arising in} & & \text{fiscal year} & & \text{delay in} \\
 & & \text{the last three years} & & & \times & \text{reporting} \\
 & & & & & \text{Net} & \text{claims of} \\
 & & & & & \text{operating} & \text{previous} \\
 & & & & & \text{revenue of} & \text{fiscal year} \\
 & & & & & \text{the previous} & \\
 & & & & & \text{fiscal year} &
 \end{array}$$

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

31.1 Insurance risk (continued)

31.1.1 General insurance contracts (continued)

Assumptions, changes in assumptions and sensitivity analysis (continued)

The Company issues general insurance contracts such as Health insurance and personal accident insurance, Property and damages insurance, Cargo insurance automobile insurance, Fire insurance, Liability insurance, Business risk insurance, Marine hull and P&I insurance, Financial risk and credit insurance. Risks under general insurance contracts usually cover twelve month duration.

The Company is exposed to risk of accumulation in view of the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi and Da Nang.

For general insurance contracts the most significant risks arise from climate changes and natural disasters. Vietnam has suffered heavily from catastrophes loss such as tropical typhoon, river flood, flash flood, heavy rain and landslide. It is expected that tropical typhoon will affect Vietnam regularly with the high severity and insured losses. In view of the exposures, the general insurance has arranged the reinsurance protection for the fire, engineering, motor, marine hull & cargo, fishing vessels portfolios against the catastrophe events to minimize the risks.

For longer tail claims that take over a year to settle; there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the general insurance, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the general insurance. The general insurance further enforces a policy of activity managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. typhoon and flood damages).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the general insurance risk appetite as decided by management. The management may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

31.2 Financial risk

Transactions in financial instruments may result in the Company assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks.

31.2.1 Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices and foreign currency exchange rates.

Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Management reviews and approves all equity investment decisions.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between VND and other currencies in which the Company conducts business may affect its financial condition and results of operations. The foreign currency risk facing the Company mainly comes from movements in the USD/VND exchange rates. The Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

Major of the Company financial assets are denominated in VND which mitigates the foreign currency risk. With assets denominated in foreign currency, most of them are in USD.

31.2.2 Credit risk

The Company's portfolio of fixed maturity investments (included its deposit arrangement with commercial banks) is subject to credit risk. This risk is defined as the potential loss in market value resulting from adverse changes in borrowers or counterparties' ability to repay the debts. The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of investments. Management has a credit policy in place. Limits are established to manage credit quality and concentration risk.

The Company also has insurance and reinsurance receivables, and other receivable amounts subject to credit risk. The most significant of these are reinsurance recoveries. To mitigate the risk of the counterparties not paying the amount due, the Company has established certain business and financial guidelines for reinsurer approval, incorporating ratings by major agencies and considering currently available market information. The Company also periodically reviews the financial stability of reinsurers from public and other sources and the settlement trend of amounts due from reinsurers.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

31.2 Financial risk (continued)

31.2.2 Credit risk (continued)

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2015 are as follows:

| 31 December 2015 | Not yet due VND | Past-due but not individually impaired VND | Individually impaired VND | Total VND |
|----------------------------------|------------------------|---|---------------------------------|------------------------|
| Financial instruments | | | | |
| Available-for-sale | 158,370,315,096 | - | - | 158,370,315,096 |
| Listed share | 3,430,000,000 | - | - | 3,430,000,000 |
| Treasury bonds | 154,940,315,096 | - | - | 154,940,315,096 |
| Loans and receivables | 701,214,888,238 | - | 128,334,346 | 701,343,222,584 |
| Term deposits | 567,205,236,930 | - | - | 567,205,236,930 |
| Statutory deposit | 8,418,750,000 | - | - | 8,418,750,000 |
| Cash equivalents | 29,099,500,000 | - | - | 29,099,500,000 |
| Insurance receivables | 67,843,613,220 | - | 128,334,346 | 67,971,947,566 |
| Other receivables from customers | 26,179,433,146 | - | - | 26,179,433,146 |
| Other assets | 2,468,354,942 | - | - | 2,468,354,942 |
| Cash | 12,836,691,471 | - | - | 12,836,691,471 |
| | <u>872,421,894,805</u> | <u>-</u> | <u>128,334,346</u> | <u>872,550,229,151</u> |

Not yet due: financial assets or the loans with interest or principal payments not yet past due and there is no evidence of impairment.

Past due but not individually impaired: financial assets with past due interest and principal payments but the Company believes that these asset are not impaired as they are secured by collaterals and has confidence in the customer's credit worthiness and other credit enhancements.

Individually impaired: debt instruments and loans to customers for which the Company considers that interests and principals are not able to be recovered under the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

31.2 Financial risk (continued)

31.2.2 Credit risk (continued)

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2014 are as follows:

| 31 December 2014 | Not yet due VND | Past-due but not individually impaired VND | Individually impaired VND | Total VND |
|------------------------------|------------------------|---|---------------------------------|------------------------|
| Financial instruments | | | | |
| Available-for-sale | 158,968,611,333 | - | - | 158,968,611,333 |
| <i>Listed share</i> | 3,430,000,000 | - | - | 3,430,000,000 |
| <i>Treasury bonds</i> | 155,538,611,333 | - | - | 155,538,611,333 |
| Loans and receivables | 572,794,780,561 | - | 185,766,569 | 572,980,547,130 |
| <i>Term deposits</i> | 454,929,418,961 | - | - | 454,929,418,961 |
| <i>Statutory deposit</i> | 8,009,687,500 | - | - | 8,009,687,500 |
| <i>Cash equivalents</i> | 29,347,500,000 | - | - | 29,347,500,000 |
| <i>Insurance</i> | | | | |
| <i>receivables</i> | 54,915,149,009 | - | 185,766,569 | 55,100,915,578 |
| <i>Other receivables</i> | | | | |
| <i>from customers</i> | 23,558,547,491 | - | - | 23,558,547,491 |
| <i>Other assets</i> | 2,034,477,600 | - | - | 2,034,477,600 |
| Cash | 14,516,454,617 | - | - | 14,516,454,617 |
| | <u>746,279,846,511</u> | <u>-</u> | <u>185,766,569</u> | <u>746,465,613,080</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

31.2.3 Liquidity risk

The Company has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost.

Contractual maturity

The following table indicates contractual maturity of the income-earning financial assets and financial liabilities based on contractual undiscounted payments as at 31 December 2015

| | Overdue VND | Up to one year VND | More than one year VND | No maturity date VND | Total VND |
|----------------------------------|--------------------|------------------------|------------------------------|-------------------------|------------------------|
| 31 December 2015 | | | | | |
| Financial assets | | | | | |
| Available-for-sale | - | - | 154,940,315,096 | 3,430,000,000 | 158,370,315,096 |
| Listed share | - | - | - | 3,430,000,000 | 3,430,000,000 |
| Treasury bond | - | - | 154,940,315,096 | - | 154,940,315,096 |
| Loans and receivables | 128,334,346 | 701,214,888,238 | - | - | 701,343,222,584 |
| Term deposits | - | 567,205,236,930 | - | - | 567,205,236,930 |
| Statutory deposit | - | 8,418,750,000 | - | - | 8,418,750,000 |
| Cash equivalents | - | 29,099,500,000 | - | - | 29,099,500,000 |
| Insurance receivables | 128,334,346 | 67,843,613,220 | - | - | 67,971,947,566 |
| Other receivables from customers | - | 26,179,433,146 | - | - | 26,179,433,146 |
| Other assets | - | 2,468,354,942 | - | - | 2,468,354,942 |
| Cash | - | 12,836,691,471 | - | - | 12,836,691,471 |
| Total | 128,334,346 | 714,051,579,709 | 154,940,315,096 | 3,430,000,000 | 872,550,229,151 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

31.2.3 Liquidity risk (continued)

The following table indicates contractual maturity of the income-earning financial assets and financial liabilities based on contractual undiscounted payments as at 31 December 2014:

| | Overdue VND | Up to one year VND | More than one year VND | No maturity date VND | Total VND |
|-------------------------------------|--------------------|------------------------|------------------------------|-------------------------|------------------------|
| 31 December 2014 | | | | | |
| Financial assets | | | | | |
| Available-for-sale Listed share | - | - | 155,538,611,333 | 3,430,000,000 | 158,968,611,333 |
| Treasury bond | - | - | - | 3,430,000,000 | 3,430,000,000 |
| Loans and receivables | 185,766,569 | 572,794,780,561 | - | - | 572,980,547,130 |
| Term deposits | - | 454,929,418,961 | - | - | 454,929,418,961 |
| Statutory deposit | - | 8,009,687,500 | - | - | 8,009,687,500 |
| Cash equivalents | - | 29,347,500,000 | - | - | 29,347,500,000 |
| Insurance receivables | 185,766,569 | 54,915,149,009 | - | - | 55,100,915,578 |
| Other receivables from customers | - | 23,558,547,491 | - | - | 23,558,547,491 |
| Other assets | - | 2,034,477,600 | - | - | 2,034,477,600 |
| Cash | - | 14,516,454,617 | - | - | 14,516,454,617 |
| Total | 185,766,569 | 587,311,235,178 | 155,538,611,333 | 3,430,000,000 | 746,465,613,080 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended**32. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210**

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

The Circular 210 only regulates the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relating definitions as shown below are applied solely for preparation of this note. The assets, liabilities and equities of the Company still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting System applicable for insurance companies and comply with the relevant statutory requirements.

Financial assets

Financial assets of the Company, within the scope of Circular 210, include cash and short-term deposits, trade and other receivables and quoted financial instruments. For the purpose of disclosure in the notes to the financial statements, financial assets are classified as appropriate into either of the following categories:

► *Financial asset at fair value through profit or loss*

Financial asset at fair value through profit or loss is finance asset that satisfies either of the following conditions:

- a) Being classified as held for trading. A financial asset will be classified as securities held for trading if:
 - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
 - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or
 - (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

► *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:

- a) Financial assets that, upon initial recognition, were categorized as such recognized at fair value through Profit or loss;
- b) Financial assets already categorized as available for sale;
- c) Financial assets that meet the definitions of loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

32. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Financial assets (continued)► **Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) those that the entity upon initial recognition designates as available for sale; or
- c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

► **Available-for-sale financial assets:**

Available-for-sale financial assets are non-derivative financial assets determined as available for sale or not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets recognized at fair value through profit or loss.

Financial liabilities

Financial liabilities of the Company, within the scope of Circular 210, include trade and other payables. For the purpose of disclosure in the notes to the financial statements, financial liabilities are classified as appropriate either of the following categories:

► **Financial liability at fair value through profit or loss**

Financial liability at fair value through profit or loss is a financial liability that satisfies either of the following conditions:

- a) Being classified as held for trading. A financial liability will be classified as securities held for trading if:
 - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
 - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or
 - (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

► **Financial liabilities at amortised cost**

Financial liabilities measured at amortised cost include financial liabilities that were not categorized as financial liabilities at fair value through profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

32. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2015:

| | Cost VND | Carrying amount | | | Fair value | |
|----------------------------------|------------------------|-------------------------|---------------------|------------------------|------------------------|-----|
| | | Accrued interest VND | Provision VND | Total VND | VND | VND |
| 31 December 2015 | | | | | | |
| Financial assets | | | | | | |
| Available for sale | 158,370,315,096 | 7,351,229,508 | - | 165,721,544,604 | 165,721,544,604 | |
| Listed shares | 3,430,000,000 | - | - | 3,430,000,000 | 3,430,000,000 | |
| Treasury bonds | 154,940,315,096 | 7,351,229,508 | - | 162,291,544,604 | 162,291,544,604 | |
| Loan and receivables | 701,343,222,584 | 14,452,158,705 | (40,871,504) | 715,754,509,785 | 715,754,509,785 | |
| Term deposits | 567,205,236,930 | 14,425,158,705 | - | 581,630,395,635 | 581,630,395,635 | |
| Statutory deposit | 8,418,750,000 | - | - | 8,418,750,000 | 8,418,750,000 | |
| Cash equivalents | 29,099,500,000 | 27,000,000 | - | 29,126,500,000 | 29,126,500,000 | |
| Insurance receivables | 67,971,947,566 | - | (40,871,504) | 67,931,076,062 | 67,931,076,062 | |
| Other receivables from customers | 26,179,433,146 | - | - | 26,179,433,146 | 26,179,433,146 | |
| Other assets | 2,468,354,942 | - | - | 2,468,354,942 | 2,468,354,942 | |
| Cash | 12,836,691,471 | - | - | 12,836,691,471 | 12,836,691,471 | |
| Total | 872,550,229,151 | 21,803,388,213 | (40,871,504) | 894,312,745,860 | 894,312,745,860 | |
| Financial liabilities | | | | | | |
| Trade payables | 80,547,144,002 | - | - | 80,547,144,002 | 80,547,144,002 | |
| Other payables | 169,074,224,204 | - | - | 169,074,224,204 | 169,074,224,204 | |
| Total | 249,621,368,206 | - | - | 249,621,368,206 | 249,621,368,206 | |

The fair value of the financial assets and liabilities are included the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- ▶ Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- ▶ Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- ▶ Where there is no observable market value, and it is not possible to determine the fair value, the financial assets and liabilities are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

32. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2014:

| | Carrying amount | | | Fair value | |
|----------------------------------|------------------------|-------------------------|---------------------|------------------------|------------------------|
| | Cost VND | Accrued interest VND | Provision VND | Total VND | VND |
| 31 December 2014 | | | | | |
| Financial assets | | | | | |
| Available for sale | 158,968,611,333 | 7,371,369,863 | - | 166,339,981,196 | 166,339,981,196 |
| Listed shares | 3,430,000,000 | - | - | 3,430,000,000 | 3,430,000,000 |
| Treasury bonds | 155,538,611,333 | 7,371,369,863 | - | 162,909,981,196 | 162,909,981,196 |
| Loan and receivables | 572,980,547,130 | 14,035,325,757 | (64,677,073) | 586,951,195,814 | 586,951,195,814 |
| Term deposits | 454,929,418,961 | 13,842,816,048 | - | 468,772,235,009 | 468,772,235,009 |
| Statutory deposit | 8,009,687,500 | - | - | 8,009,687,500 | 8,009,687,500 |
| Cash equivalents | 29,347,500,000 | 192,509,709 | - | 29,540,009,709 | 29,540,009,709 |
| Insurance receivables | 55,100,915,578 | - | (64,677,073) | 55,036,238,505 | 55,036,238,505 |
| Other receivables from customers | 23,558,547,491 | - | - | 23,558,547,491 | 23,558,547,491 |
| Other assets | 2,034,477,600 | - | - | 2,034,477,600 | 2,034,477,600 |
| Cash | 14,516,454,617 | - | - | 14,516,454,617 | 14,516,454,617 |
| Total | 746,465,613,080 | 21,406,695,620 | (64,677,073) | 767,807,631,627 | 767,807,631,627 |
| Financial liabilities | | | | | |
| Trade payables | 56,241,376,092 | - | - | 56,241,376,092 | 56,241,376,092 |
| Other payables | 108,907,521,704 | - | - | 108,907,521,704 | 108,907,521,704 |
| Total | 165,148,897,796 | - | - | 165,148,897,796 | 165,148,897,796 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

33. RESTATEMENT OF OPENING BALANCE

In 2015, due to requirements to present financial statements of general insurance companies in accordance with Circular 200/2014/TT-BTC issued by Ministry of Finance and requirements of State Audit, the Corporation has made adjustments to restate some figures of beginning balance. Details of adjustments were presented as follows:

Extracted from balance sheet

Currency: VND

| ASSETS | 31 December 2014 (as previously stated) | Adjustments in accordance with Circular 200 | 31 December 2014 (reclassified) |
|---------------------------------------|--|---|------------------------------------|
| A - CURRENT ASSETS | 811,892,057,634 | 214,254,989,278 | 1,026,147,046,912 |
| II. Short-term investments | 244,011,499,676 | 214,347,919,285 | 458,359,418,961 |
| 1. Short-term investments | 244,011,499,676 | (244,011,499,676) | - |
| 1. Trading securities | - | 3,430,000,000 | 3,430,000,000 |
| 2. Held-to-maturity investments | - | 454,929,418,961 | 454,929,418,961 |
| III. Short-term receivables | 78,720,244,585 | 530,800,611 | 79,251,045,196 |
| 4. Short-term receivables | 125,458,589 | (125,458,589) | - |
| 5. Other receivables | - | 656,259,200 | 656,259,200 |
| V. Other short-term assets | 8,171,367,618 | (623,730,618) | 7,547,637,000 |
| 1. Short-term prepaid expense | 7,536,166,833 | (92,930,007) | 7,443,236,826 |
| 1.2. Other short-term prepaid expense | 1,305,003,999 | (92,930,007) | 1,212,073,992 |
| 5. Other short-term assets | 530,800,611 | (530,800,611) | - |
| B - NON-CURRENT ASSETS | 386,407,696,481 | (214,254,989,278) | 172,152,707,203 |
| I. Long-term receivables | 8,009,687,500 | 1,378,218,400 | 9,387,905,900 |
| 1.2. Other long-term receivables | - | 1,378,218,400 | 1,378,218,400 |
| IV. Long-term investments | 369,886,530,618 | (214,347,919,285) | 155,538,611,333 |
| 3. Other long-term investments | 369,886,530,618 | (369,886,530,618) | - |
| 1. Held-to-maturity investments | - | 155,538,611,333 | 155,538,611,333 |
| V. Other long-term assets | 5,832,256,298 | (1,285,288,393) | 4,546,967,905 |
| 1. Other long-term prepaid expense | 4,454,037,898 | 92,930,007 | 4,546,967,905 |
| 4. Other long-term assets | 1,378,218,400 | (1,378,218,400) | - |
| TOTAL ASSETS | 1,198,299,754,115 | - | 1,198,299,754,115 |

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2015 and for the year then ended

33. RESTATEMENT OF OPENING BALANCE (continued)

Extracted from balance sheet (continued)

Currency: VND

| RESOURCES | 31 December 2014 (as previously stated) | Adjustments in accordance with Circular 200 | 31 December 2014 (reclassified) |
|---|--|---|------------------------------------|
| A - LIABILITIES | 770,841,872,723 | - | 770,841,872,723 |
| I. Short-term liabilities | 762,644,243,167 | 1,884,844,362 | 764,529,087,529 |
| 1. Short-term trade payables | - | 56,241,376,092 | 56,241,376,092 |
| 4. Short-term deferred revenue | - | 1,884,844,362 | 1,884,844,362 |
| II. Long-term liabilities | 8,197,629,556 | (1,884,844,362) | 6,312,785,194 |
| 8. Short-term deferred revenue | 1,884,844,362 | (1,884,844,362) | - |
| TOTAL LIABILITIES AND OWNERS' EQUITY | 1,198,299,754,115 | - | 1,198,299,754,115 |

34. EVENTS AFTER THE BALANCE SHEET DATE

On 30 December 2015, a claim related to carrier liability insurance had incurred and recorded as OSC with amount of VND 200,000,000. Base on the update information relating to the claim to the date of this report, the estimated loss is VND 1,740,988,454 which has been adjusted to OSC figures in the financial statements. Besides, there have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

Preparer
Ms Pham Thu Trang

Chief Accountant
Ms Duong Thi Thanh Toan

General Director
Mr Hideki Mishima

Hanoi, Vietnam

28 March 2016